



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT:** SEE BELOW

**DATE:** 10-05-09

Approved

Date

10/8/09

**COUNCIL DISTRICT:** Citywide

**SUBJECT: SECOND AMENDMENT TO URS CORPORATION MASTER AGREEMENT AND AUTHORIZATION TO EXPEND FUNDS FOR PROGRAM SUPPORT SERVICES FOR AIRPORT CAPITAL DEVELOPMENT PROGRAM**

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute a second amendment to the URS Corporation (URS) Master Agreement for continuing program support services on Airport capital improvement projects, increasing compensation by \$3.5 million, for a total amount not to exceed \$18.5 million.

## OUTCOME

Approval of this recommendation will provide the resources and expertise necessary to manage the implementation of the Airport's \$1.3 billion capital improvement program, including the Terminal Area Improvement Program (TAIP) through the end of 2010, as well as capital development in areas outside of the Terminal zone such as the west side of the Airport.

## BACKGROUND

On December 12, 2006, Council adopted a resolution authorizing the City Manager to negotiate and execute a Master Services Agreement with URS for program support services at Norman Y. Mineta San José International Airport in an initial amount not to exceed \$7,500,000. On March 20, 2007, Council approved a similar Master Services Agreement with Carter & Burgess. Both agreements extend through December 31, 2010, and the City Manager is authorized to execute up to two two-year options to extend the terms of each.

On February 26, 2008, Council adopted a resolution authorizing the City Manager to negotiate and execute the first amendment to the Master Services Agreement with URS for program support services at Norman Y. Mineta San José International Airport in an amount not to exceed \$7,500,000 for a total amount not to exceed \$15,000,000. Funding for these services for the TAIP is already in place in the Airport Capital Improvement Program budget.

As discussed in the November 2006 URS Master Agreement recommendation, staff anticipated total expenditures for program support services delivered through the Agreements not to exceed \$30 million through December 31, 2010. Current staff estimates, based on task orders issued to date, indicate total expenditures related to the TAIP for these services will not exceed \$20 million, which is \$10 million below the original estimate.

### **ANALYSIS**

Program support consultants provide expertise that is not available within City staff, short-term staffing to flexibly and efficiently meet the variable demands of the program, and special studies needed to support planning and management of the Airport's capital improvement program. Airport capital improvements include the TAIP and other projects within the approved Airport Master Plan. It is anticipated that the program support consultants will be needed to provide specialized services related to the development of areas outside of the terminal zone, including the northeast, southeast and west side areas of the Airport.

Both URS Corporation and Carter & Burgess, Inc., provide their services to the Airport under Master Services Agreements, with specific services authorized by Task Order, as required. The tandem agreement structure has proved very effective. It allows maximum responsiveness and flexibility in meeting the Airport program's variable needs, and provides for competitive alternatives within the existing program management structure. Staff is able to drive work efforts and effectively monitor and contain expenditures through the task-order process.

To date, the City has authorized a total of \$16,389,387.37 for task orders associated with the two agreements: \$14,118,236.82 to URS, \$2,271,150.55 to Carter & Burgess. Some of the services provided within these task orders are ongoing management and oversight of work performed by the City's Design-Build contractor; ongoing design review and approval for the terminals, consolidated rental car facility and bridges; an Airfield Capacity analysis; Airport-wide information technology (IT) integration; and rental car industry liaison services.

Council approval to increase compensation for the URS agreement and to authorize expenditure of another \$3.5 million is necessary to maintain timely implementation of the TAIP and other projects, as well as to begin implementation of projects in the approved master plan which are outside of the terminal zone.

### **EVAULATION AND FOLLOW-UP**

Staff will return to Council to augment this agreement as necessary in accordance with the original Council approval for this agreement.

### **POLICY ALTERNATIVES**

*Alternative # 1: Deny authorization for additional expenditures on the URS Program Management consultant agreement for Airport capital improvement programs.*

**Pros:** Increased work options for current staff.

**Cons:** Shifting existing City staff resources to this project would delay this or other projects due to lack of City experience and expertise with Design-Build project delivery method, and lack of flexibility to scale resources to meet the varying demands of the Master Plan implementation.

**Reason for not recommending:** City staff is fully utilized on other projects. The complexity of implementing the Airport Master Plan program and use of the Design-Build project delivery method requires specialized expertise and experience in technical program management areas. The use of program support consultants results in fresh and innovative ideas being applied to the project along with the flexibility required to meet changing staffing needs.

### **PUBLIC OUTREACH/INTEREST**

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.  
**(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Criterion 1 applies to this recommendation; this memo will be included in the Early Distribution packet, and posted on the City website.

### **COORDINATION**

This memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. This proposed agreement would support the implementation of the TAIP, which project components are expressly identified in the Airport Master Plan as amended 6/13/06.

This project is consistent with the Guiding Principals for Budget and Financial Management, Mayor's 2006-2007 Revised June Budget Message, in that it supports economic recovery and job creation.

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with Strategic Initiative #1: Build a World-Class Airport and Air Services.

**COST SUMMARY/IMPLICATIONS**

Funding to pay for these services is in place in the Capital Improvement Program, and authorization for this expenditure falls within the terms and funding approved in previous Council action. This project is consistent with the Council approved Budget Strategy, Economic Recovery section in that it will help to stimulate construction spending in our local economy.

The following cost summary applies to the recommendation to increase compensation within the URS Master Agreement.

1. **AMOUNT OF RECOMMENDATION:**    **\$ 3,500,000**
2. **COST ELEMENTS OF AGREEMENT:**

Professional Services	Per Task Order
Reimbursable Expenses	Per Task Order
Labor Rates	Set by Agreement
<b>TOTAL AGREEMENT AMOUNT:</b>	<b>\$ 18,500,000</b>
3. **SOURCE OF FUNDING:** 520 – Airport Capital Improvement Fund  
   526 – Airport Revenue Bond Improvement Fund  
   527 – Airport Renewal and Replacement Fund
4. **FISCAL IMPACT:** The project has been reviewed and staff has determined that it will have no significant adverse impact on the General Fund operating budget. Additional operating costs will be paid for in the Airport Operating and Maintenance Fund.

**BUDGET REFERENCE**

The table below identifies the funds and appropriations proposed to fund the agreement recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	2009-2010 Proposed Capital Budget	Last Budget Action (Date, Ord. No.)
520	4657	North Concourse Building	\$2,618,000	V- 668	6/23/09 Ord. No. 28593
526 (548)	4657	North Concourse Building	\$8,500,000	V- 668	6/23/09 Ord. No. 28593
520	5254	Taxiway W Improvements	\$61,000	V- 674	6/23/09 Ord. No. 28593
526 (581)	5254	Taxiway W Improvements	\$3,815,000	V- 674	6/23/09 Ord. No. 28593
526	4712	Utility Infrastructure	\$161,000	V- 665	6/23/09

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(522)					Ord. No. 28593
526 (522)	4717	Electrical Distribution System	\$88,000	V- 664	6/23/09 Ord. No. 28593
526 (547)	6953	FMC Site Reuse Preparation	\$4,615,000	V- 664	6/23/09 Ord. No. 28593
527	4007	Advanced Planning	\$865,000	V- 693	6/23/09 Ord. No. 28593
527	4164	Consolidated Rental Car Facility	\$39,000	V- 684	6/23/09 Ord. No. 28593
526 (528)	4164	Consolidated Rental Car Facility	\$18,092,000	V- 684	6/23/09 Ord. No. 28593
527	5253	Terminal Area Improvement, Phase I	\$709,000	V- 690	6/23/09 Ord. No. 28593
526 (554)	5253	Terminal Area Improvement, Phase I	\$80,584,000	V- 690	6/23/09 Ord. No. 28593
520	5253	Terminal Area Improvement, Phase I	\$6,000,000	V- 690	6/23/09 Ord. No. 28593
526 (554)	5246	Public Parking Garage	\$936,000	V- 664	6/23/09 Ord. No. 28593
526 (548)	4643	Central Plant Expansion	\$252,000	V- 664	6/23/09 Ord. No. 28593
		<b>Totals</b>	<b>\$127,335,000</b>		

Services performed by URS Corporation under this agreement will be authorized by task order. An appropriation is not required for execution of the Master Agreement, but is required for each task order authorized under this Master Agreement. The appropriations listed above are included in the 2009-2010 Proposed Budget and will be utilized for the contract in 2009-2010. Funding in the out years is allocated in the 5-year Capital Improvement Program.

**CEQA**

Resolution Nos. 67380 and 71451, PP 09-162.

/s/  
WILLIAM F. SHERRY, A.A.E.  
Director of Aviation  
Airport Department

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.